

For taxable year beginning MM / DD / YYYY, and ending MM / DD / YYYY.

Attach to your return

Name(s) as shown on Form 140, 140PY, 140NR, 140X, 120, 120A, 120S, 120X or 165	Your social security number or federal employer ID number
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- 1 Has the business been certified as a qualified defense contractor by the Arizona Department of Commerce? Yes ☐ No ☐  
If the answer to this question is no, the business is not eligible for the defense contracting credits.

**Part I Net Increase in Defense Employment Positions**

2 Average employment during the current taxable year under United States Department of Defense contracts .....	2		
3 Employment baseline .....	3		
4 Net increase in defense employment positions - <i>subtract line 3 from line 2</i> .....		4	

**Part II Net Increase in Qualified Private Commercial Employment Positions**

5 Net increase in private commercial employment positions .....	5	
6 Number of new qualified private commercial employment positions. <i>See instructions</i> .....	6	
7 Net increase in qualified private commercial employment positions. <i>Enter the lesser of line 5 or line 6</i> .....	7	

**Part III Credit Calculation for Qualified Employment Positions**

		(a) Number of qualified defense positions	(b) Number of qualified commercial positions	(c) Credit per qualified employment position	(d) Allowable credit
8	Qualified net new employment positions			\$2,500	\$
9	Qualified employment positions in the second year of existence			\$2,000	\$
10	Qualified employment positions in the third year of existence			\$1,500	\$
11	Qualified employment positions in the fourth year of existence			\$1,000	\$
12	Qualified employment positions in the fifth year of existence			\$500	\$
13	Total				\$

**Part IV Credit Calculation for Property Taxes Paid on Class Three Property**

14 Amount paid as taxes on property in Arizona classified as class three pursuant to ARS § 42-12003 .....	14			
15 Percent based on net new defense employment positions. <i>See instructions</i> .....	15		.	
16 <i>Multiply line 14 by line 15</i> .....	16			
17 Percent based on defense contract income divided by total gross income. <i>See instructions</i> .....	17		.	
18 Allowable credit for property taxes. <i>Multiply line 16 by line 17</i> .....	18			

**Part V S Corporation Credit Election and Shareholder's Share of Credit**

**19** The S corporation has made an irrevocable election for the taxable year ending MM / DD / YYYY, to:

**(CHECK ONLY ONE BOX)**

☐

Claim the defense contracting credits as shown on Part III, line 13, column (d) and Part IV, line 18 (for the taxable year mentioned above);

**OR**

☐

Pass the defense contracting credits as shown on Part III, line 13, column (d) and Part IV, line 18 through to its shareholders (for the taxable year mentioned above).

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

If passing the credit through to the shareholder, complete lines 20 through 23 separately for each shareholder.

Furnish each shareholder with a copy of the completed Form 302.

**20** Name of shareholder \_\_\_\_\_

**21** Shareholder's TIN \_\_\_\_\_

**22** Shareholder's share of the amount on Part III, line 13, column (d). \_\_\_\_\_

**23** Shareholder's share of the amount on Part IV, line 18. \_\_\_\_\_

**Part VI Partner's Share of Credit**

Complete lines 24 through 27 separately for each partner.

Furnish each partner with a copy of the completed Form 302.

**24** Name of partner \_\_\_\_\_

**25** Partner's TIN \_\_\_\_\_

**26** Partner's share of the amount on Part III, line 13, column (d). \_\_\_\_\_

**27** Partner's share of the amount on Part IV, line 18. \_\_\_\_\_

**Part VII Available Credit Carryover**

	(a)	(b)	(c)	(d)
	Carryover credit from taxable year ending	Original credit amount	Amount previously used	Available carryover Subtract column (c) from column (b)
28				
29				
30				
31				
32				
33	Total available carryover			

**Part VIII Total Available Credit**

**34** Current year's credit for qualified employment positions. Individuals, corporations, or S corporations - *enter amount from Part III, line 13, column (d)*. S corporation shareholders - *enter amount from Part V, line 22*. Partners of a partnership - *enter amount from Part VI, line 26* .....

**35** Current year's credit for property taxes paid on class three property. Individuals, corporations, or S corporations - *enter amount from Part IV, line 18*. S corporation shareholders - *enter amount from Part V, line 23*. Partners of a partnership - *enter amount from Part VI, line 27* .....

**36** Available credit carryover - *from Part VII, line 33, column (d)* .....

**37** Total available credit - *add lines 34, 35 and 36. Enter total here and on Form 300, Part I, line 1 or Form 301, Part I, line 1* .....

<b>34</b>					
<b>35</b>					
<b>36</b>					
<b>37</b>					